

**JUST AND REASONABLE POWER RATES FOR
SMALL AND MEDIUM-SIZED MANUFACTURERS**
Submitted by: Prince Edward County, Quinte West and
Timmins Chambers of Commerce
Adopted by the Ontario Chamber of Commerce - May 2013

Issue:

Electricity consumption is a critical factor in each unit of production for Ontario's manufacturers. Next to labour, electricity is typically the second-largest cost driver, and is under constant review by manufacturers in order to stay competitive. Consequently, the cost of electricity, which includes delivery and commodity costs, has a quantifiable impact on job growth, retention and expansion plans, especially on small- and medium-sized enterprises (SMEs) and their local communities.

There is not a level playing field within our own province as many SMEs are not able to access the available government programs to assist with the high costs of electricity. Most of these programs are directed at manufacturers based on size and geography and leave out many SMEs that could also use the assistance.

Current Situation (Why the issue matters)

Ontario's interim measures to mitigate the soaring cost of energy have included industrial rate reduction programs with long-term pricing certainty, popular as a stopgap measure for price relief.¹ Such programs offer much-needed operational stability for business at a time where high electricity rates are serving as a barrier to reinvestment.²

However, existing programs have significant restrictions that exclude a large percentage of small- and medium-sized manufacturers already operating in the province.

Listed below are examples of government programs that are limited in the assistance they provide to manufacturers because they:

1. Apply only to large industries (5CP Program)
2. Are geographically constrained (Northern Industrial Electricity Rate Program)
3. Require flexibility in production scheduling (Demand Response)
4. Favour large new projects (Industrial Electricity Incentive Program)

Most SMEs are not able to benefit from any of the above programs because they cannot meet the requirements to participate. Those who instead attempt to achieve energy cost savings through conservation programs can sometimes find their rates

¹ New industrial electricity incentive puts surplus power to work, Association of Major Power Consumers in Ontario, June 2012

² Pre-budget submission, Coalition of Ontario Manufacturers for Competitive Industrial Power Rates, November 2011

increase as their reduced usage shifts them into higher pricing brackets.³ In either situation, SMEs are penalized by paying more for their power than their competitors not only in Ontario, but in neighbouring jurisdictions and beyond.

RECOMMENDATIONS:

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Provide energy price relief to business through the continued development and delivery of rate reduction and incentive programs.
2. Introduce measures to allow small- and medium-sized manufacturers to access the same electricity rates as larger firms.
3. Ensure rate stability for manufacturers who take advantage of energy conservation programs.

³ Quinte Manufacturers Association